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DEPARTMENT OF STATE A/CRC/MR
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EXEMPTIONS

Origin

ACTION: Amembassy ROME PRIORITY

Info:

STATE

SUBJECT: CIVAIR: Multiple-Designation Issue

1. USG has been reexamining multiple-designation issue in US/Italian Civair relations because this clearly appears to be problem on which some solution must be foreseen before negotiations can be scheduled with some prospect of success. Because of complex policy problems involved, reexamination has necessarily been lengthy process. As result this review, new proposal has been formulated that we believe has some promise of moving this issue forward. The new proposal set forth below is three-part item containing some new elements dealing (a) with services already operated, (b) with new services which Italians might operate but not now operated by US carriers, and (c) with services not now operated by carriers of either country. (By services we essentially mean routes or routings. However preferable not use word routes which might be interpreted more narrowly. FYI New services e.g. from Omaha to Rome via NY should not be considered as service falling under Paragraph A but would be under Paragraph C. END FYI. Should be clear that by "services", we do not mean type/or frequency of services.)

2. Proposal would read as follows:

"A. With respect to US services already operated, USG would be prepared

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Clearances:

CAB - Mr. Minetti
E/OA - Mr. Meadows
EUR/AIS - Mr. Beaudry
DOT - Mr. Binder
EUR - Mr. Hillenbrand
E/TT - Mr. Loy

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to maintain the status quo, i.e. limit US carrier designations to a maximum of three from the present originating US points.

"B. With respect to any new services which the Italians might operate and which are not operated by US carriers (e.g., Atlanta-Dallas), the USG would reserve the right to designate carrier or carriers of its own choosing.

"C. With respect to any services not operated by carriers of either country, the US would have the right to designate carrier or carriers of its own choice, and, if new carriers involved, would be prepared to consult with the Italian Government for the purpose of agreeing on appropriate compensation on the basis of possible economic imbalance."

3. The Emb is requested to prepare memorandum or talking paper setting forth proposal as in Para 2 above, and present informally to appropriate Italian authorities. Dept suggests that Charge give proposal to General Santini, with whatever coordination Emb considers desirable with Foreign Ministry, and urge Santini to consider proposal carefully as possible means of overcoming this issue. If above proposal considered acceptable basis for discussing multiple-designation problem, arrangements could be made to resume formal negotiations on over-all agreement. These could be held in Washington or Rome and would,

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of course, be handled by a regularly constituted US delegation.

4. Dept plans to advise Amb Ortona of new US initiative and to describe proposal to him on same day it is taken up by Emb with Santini. Therefore, request Emb give Dept adequate notice of date arranged for presentation in Rome. Dept would like to arrange meeting for this purpose between Assistant Secretary Trezise and Ortona. ~~Since Secretary Trezise will not be available before~~ part ~~next week, would prefer meeting to take place Tues or Wed.~~

5. Santini will probably raise number of questions with respect to proposal. If he asks whether Para A of proposal means total number of three carriers or three different ones from each of present originating US points, Emb may assure him this means total of three carriers from all present US originating points. If he asks, whether Para B means that a new carrier not now serving Italy could be put into Atlanta/Dallas/Rome service you should point out that this is theoretically possible but by no means certain. ~~You may state that we recognize USG position on this point not greatly different from talks earlier this year but hope that in context of overall agreement plus new element of multiple designation Italians will be able to accept.~~ Emb should point out that Para C is new element not proposed previously, one of and in our view should be

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helpful to Italians in that we would be prepared to negotiate for new carrier services and offer appropriate compensation. If Santini raises question of immediate concession of Los Angeles route, Emb should reply that new routes should be handled within context of overall negotiations. If above multiple-designation proposal can lead to negotiations, no reason why LA route should not be included in overall settlement.

~~Please advise reaction of Italians to above approach.~~

END

ROGERS

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